



# County of San Diego

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TO: Supervisor Greg Cox, Chairman  
Supervisor Dianne Jacob, Vice Chairwoman  
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Supervisor Bill Horn

FROM: Helen Robbins-Meyer  
Chief Administrative Officer

## **HIGHLIGHTS OF THE ENACTED FY 2013-14 STATE BUDGET AND POTENTIAL COUNTY IMPACTS**

On June 27, 2013 the FY 2013-14 State Budget was signed by Governor Jerry Brown. The Enacted Budget includes \$96.3 billion in general fund spending and establishes a reserve of \$1.1 billion. The Governor had proposed a \$98.5 billion spending plan in January.

Included in the Governor's budget signing was approval of a series of budget trailer bills that accompanied the main budget bill for a total of 27 budget related bills. In the process of signing the budget, the Governor also vetoed \$40 million in state General Fund spending that had been approved by the Legislature.

Delivering on a promise made to voters when they approved the Governor's proposed tax measure last year, the Enacted State Budget invests heavily in California's K-12 school system and increases funding to California's Higher Education System as well.

The Enacted State Budget does not include the Governor's May Revision proposal to realign the responsibilities for CalWORKS, CalWORKS-related child care and CalFresh to counties. The Budget does authorize a state-based approach to the Medi-Cal expansion portion of federal health care reform.

Under Medi-Cal expansion a significant portion of health realignment funds will be redirected from counties to the State to cover costs associated with the implementation of the federal Affordable Care Act (ACA). Counties will be required to give up a portion of their potential savings after the expansion begins on January 1, 2014. For San Diego County that would mean a reduction of approximately \$18 million in FY13-14 and \$50 plus million in subsequent years. The Enacted Budget presents two options for counties to choose from to establish the process for how savings from Medi-Cal expansion will be shared with the State.

While California is enjoying a rare and potentially short lived budget surplus, the Governor and Legislature also took action in the Enacted State Budget to address the debt of deferrals and budgetary obligations accumulated over the prior decade. The Governor refers to this as the "Wall of Debt" that had reached \$35 billion when he first took office and totals approximately \$27 billion today. The Enacted State Budget will continue the pay down of this debt to \$4.7 billion over the next four years.

The Enacted State Budget maintains the program allocation formulas for 2011 Public Safety Realignment that were adopted as part of the FY 2012-13 Budget. This fall the California Department of Finance will begin discussions with the California State Association of Counties and a group of County Administrative Officers to develop a new funding formula for 2011 Public Safety Realignment that would go into effect beginning FY 2014-15 as the previous allocation formula will expire on June 30, 2014.

The attached document includes highlights of the FY 2013-14 State Budget as enacted and potential impacts to the County of San Diego.

Respectfully,

A handwritten signature in black ink, appearing to read "Helen Robbins-Meyer", with a long horizontal flourish extending to the right.

HELEN ROBBINS-MEYER  
Chief Administrative Officer

Attachment

cc: ACAO, CSG, FGCG, HHSA, LUEG, PSG, CNL, CLK, OSIA

# ENACTED FISCAL YEAR 2013-14 STATE BUDGET POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO



## MISCELLANEOUS BUDGET

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### **A Balanced State Budget** (*Governor's Enacted Budget Summary, Pages 3, 7*)

- The Enacted Budget represents a multiyear balanced budget while maintaining a \$1.1 billion reserve.
- General Fund spending is projected to grow from \$95.7 billion in FY 2012-13 to \$96.3 billion in FY 2013-14. A majority of the spending growth will impact education and health programs.

### **Budget Risks Remain** (*Governor's Enacted Budget Summary, Pages 4, 43*)

- The adopted budget remains balanced by a narrow margin. The pace of the economic recovery for the nation and state remains uncertain; therefore future budget projections are subject to considerable volatility.
- The federal government could shift program costs to the State or reduce overall federal spending in California due to the federal sequester.

### **State's Cash Flow** (*State Controller's Office, Media Statement: Controller Releases June Cash Update, July 10, 2013*)

- The State Controller's cash update for June 2013 notes total revenues for the month at \$13.1 billion, beating the Governor's May Revision estimates by \$1.2 billion or 10.1 percent.
- FY 2012-13 total revenues were \$100.1 billion, 2 percent higher than estimates.

### **Wall of Debt** (*Governor's Enacted Budget Summary, Page 3*)

- The State currently has an outstanding debt of \$27 billion in loans to schools, local government and dedicated funds from previous years. Governor Brown refers to this as the "Wall of Debt," an unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade. In 2011, the level of outstanding budgetary borrowing totaled \$35 billion. By the end of FY 2016-17, the Governor plans to have the Wall of Debt reduced to below \$5 billion.

### **Suspension of State Mandates** (*Enacted Budget Bill, Pages 625-629*)

- The Enacted Budget continues to suspend most mandates except those related to law enforcement and property tax collection.
- All previously suspended mandates from prior Budget Acts will remain suspended. Newly suspended mandates become optional for the duration of the fiscal year.
- The Governor's budget also makes changes to permanently relieve local entities of the duty to perform some reimbursable activities; however local agencies are encouraged to follow mandate provisions as "best practices."

## COMMUNITY SERVICES

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### **Enterprise Zones** (*AB 93; Continued from the Governor's May Revision Budget Summary, Page 68*)

- According to Governor Brown, the state's Enterprise Zone program is in need of modernization to meet the needs of the current economy and spur job creation and economic development. In its current form, he believes it fails to encourage the creation of new jobs and instead rewards moving jobs from one place to another within the state.
- Trailer bill AB 93 establishes the Governor's Economic Development Initiative to bolster California's business climate by establishing a statewide sales tax exemption on manufacturing equipment or research and development equipment purchases for biotech and manufacturing companies; hiring credits for businesses in areas with the highest unemployment rate and poverty; and provides the opportunity for California businesses to compete for available tax credits based on the number of jobs to be created and retains, wages paid in those jobs and other factors.

- AB 93 was one of the last trailer bills to be signed by the Governor on July 11, 2013. The Initiative will be funded by redirecting approximately \$750 million annually from the State's current Enterprise Zone program.

County Impact

- The County does not have any Enterprise Zones in the unincorporated area, but there are Enterprise Zones within local cities.

**Redevelopment Dissolution** (*Governor's Enacted Budget Summary, Pages 39-40; Continued from the Governor's May Revision Budget Summary, Page 53*)

- For FY 2012-13 and FY 2013-14 combined, the Enacted Budget anticipates that the dissolution process of redevelopment agencies will allow for approximately \$1.4 billion to be distributed back to counties, \$1.1 billion to be distributed back to cities and \$500 million to be distributed back to special districts. This unrestricted funding can be used by local governments to fund public services.

County Impact

- For FY 2013-14, the amount the County is projected to receive is unknown at this time.

**Suspension of State Mandates** (*Enacted Budget Bill, Pages 625-629*)

- As in most recent Budget Acts, state mandates not related to law enforcement or property taxes, including election-related mandates, continue to be suspended.

County Impact

- \$1.5 to \$1.8 million in lost revenue per year from previous election-related SB 90 claims, such as voter registration, absentee ballots and permanent absentee voters.
- An average of approximately \$310,000 in lost revenue per year based on the new mandates suspended in the Governor's January Proposed Budget.
  - The claims vary depending on a gubernatorial primary or general election versus a presidential primary or general election.
  - No impact to the County relating to the Modified Primary Election mandate.
  - FY 2012-2013 \$250,000 - \$300,000 related to Permanent Absentee Voter II mandate.
  - FY 2012-2013 \$100,000 - \$120,000 related to Voter ID Procedure mandates.

## **FINANCE AND GENERAL GOVERNMENT**

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**Deferral of Pre-2004 Mandate Obligations** (*Continued from the Governor's Proposed Budget Summary, Page 79*)

- The Governor's Enacted Budget reflects the FY 2012-13 budget action to defer payments for mandate costs incurred prior to 2004-05 through FY 2014-15. These mandate obligations are statutorily required to be completely paid by FY 2020-21.

County Impact

- The State currently owes the County more than \$34 million in pre-2004 mandate payments.

**Public Records Act and Brown Act Mandates** (*State Constitutional Amendment 3 (SCA3)*)

- The State Legislature has repeatedly suspended a number of mandate requirements in recent state budgets due to funding shortages. The FY 2013-14 budget initially included a trailer bill, AB 76, which contained a provision that would have made compliance with certain provisions of the California Public Records Act optional for local agencies. Due to a negative response from the public and media, the Governor vetoed this trailer bill, and came to a compromise with the State Legislature, which was introduced in the form of SCA 3.
- SCA 3 would require local agencies to comply with the California Public Records and Brown Acts, and includes a provision additionally requiring compliance with future changes to either act, as well as successor acts that are found to further the purposes of the people's right of access to information. The bill explicitly exempts the State from the requirement to provide subvention funds/reimbursement to public agencies for these mandates. SCA 3 passed on the Senate floor and is currently awaiting assignment to its first committee to be heard in the Assembly.
  - In order to be enacted, SCA 3 would require a two-thirds vote by the State Legislature to place it on the ballot as a proposition, and a majority vote of the people.

County Impact

- Current law allows the County to submit mandate reimbursement claims for costs incurred for a limited list of California Public Records Act activities for the period of FY 2001-02 through

FY 2012-13. Pending further guidance from the State in coming months and the County's own cost-benefit analysis, the County will consider compiling a claim for those costs. The potential loss of these reimbursements due to changes in current law are unknown.

- The Open Meetings/Brown Act Reform mandate is already currently suspended (see Suspension of Mandates section below).

#### **Suspension of State Mandates** (*Enacted Budget Bill, Pages 625-629*)

- The Enacted Budget reflects the continued suspension of most state mandates not related to law enforcement or property taxes, including three that are related to the Finance and General Government Group.

##### County Impact

- Unknown negative fiscal impact due to the continued suspension of the mandate reimbursement process. Reimbursement through the mandate reimbursement process totaled \$14,623 in FY 2009-10.
- Unknown negative fiscal impact due to the continued suspension of the Open Meetings Act/Brown Act Reform mandates. Reimbursements totaled \$398,480 in claims filed by the County since 2005.
- Unknown negative fiscal impact due to the continued suspension of the Senior Citizens Property Tax Postponement mandate. Reimbursement totaled \$34,018 in FY 2008-09.

#### **Workers' Compensation** (SB 71, Pages 6, 34)

- Budget trailer bill SB 71 removes the statutory caps on employer surcharges for both the Occupational Safety and Health Fund (OSHF) and the Labor Enforcement and Compliance Fund (LECF) indefinitely; the new cap for OSHF (previously \$52 million) is \$57 million and the new cap for LECF (previously \$37 million) is \$46 million.

##### County Impact

- As a self-insured employer, the County is assessed an annual surcharge based on a percentage of paid indemnity. That surcharge could increase \$25,000 in FY 2013-14 as a result of the cap increases in the OSHF and LECF.

## **HEALTH AND HUMAN SERVICES**

#### **Health Care Reform-Medi-Cal Expansion** (*Governor's Enacted Budget Summary, Pages 21-24; AB 85*)

- The Enacted Budget has a state-based approach for Medi-Cal expansion.
  - Newly eligible individuals will receive the benefits currently provided by Medi-Cal.
  - Long-term care services will also be covered if the federal government approves the requirement of an asset test for these services (the federal Affordable Care Act eliminates the asset test currently required for Medi-Cal).
  - Both existing enrollees and newly eligible beneficiaries will have access to expanded mental health and substance use disorder services.
  - The State will now pay for emergency Medi-Cal services for low-income adults up to 138 percent of the Federal Poverty Level (Approximately \$16,000 for a single individual).
- The Administration estimates that counties will save \$300 million in FY 2013-14, \$900 million in FY 2014-15, \$1.3 billion in FY 2015-16. These proposed estimated savings will shift current county health funds through a financial "mechanism" to cover state costs.
- A significant portion of Health Realignment funds will be redirected from counties to the State to cover state costs associated with the implementation of the Affordable Care Act.
- The County will have a choice of one of two options on how to calculate the amount of Realignment to be redirected.
  - Option 1 – A formula based on county costs and revenue to determine actual savings. Savings would then be shared between the State and County, with 80 percent to the State and 20 percent to the County.
  - Option 2 – A 60/40 split of 1991 Health Realignment funding, with 60 percent to the State and 40 percent retained by the County.

##### County Impact

- Counties need to inform the State by October 2013 of their intention on which option they plan to select.

- Counties must select by December 2013 one of the two formulas on how realignment will be redirected via Board resolution.
- Both approaches have pros and cons and neither may leave sufficient Realignment to cover remaining indigent health costs and public health needs.
- Under current law, after meeting base allocations, the remaining 1991 realignment sales tax funds are allocated to growth. Social Services program caseload increases are funded first, and the County Medical Services Program receives funding next. Any remaining funds are considered General Growth and are distributed to the counties to support mental health, health, and social services programs. Under the Enacted Budget, the State changes a piece of 1991 Realignment, shifting all of the general growth from county social services programs, and a portion of general growth from health services to the State to cover increased rates for CalWORKs grants.
- The Enacted Budget establishes two new accounts. The Family Support Subaccount will receive county savings which will offset state funding costs in CalWORKs. The Child Poverty and Family Supplemental Support Subaccount will receive a share of General Growth funds that will be used to fund CalWORKs grant increases.

#### County Impact

- The State expects counties to have savings in indigent health care costs to cover Medi-Cal expansion. This represents a potential \$18 million loss of Health Realignment in FY 2013-14, with a potential loss of up to \$50 million plus in subsequent years. The State expects counties to use county local funds to cover any remaining indigent health care costs as well as Public Health Services costs.
- Increase of \$13.2 million in administrative funding associated with the implementation of Health Care Reform.

#### **Mental Health** (*Governor's Enacted Budget Summary, Pages 25-26; SB 82*)

- The Enacted Budget includes funding to strengthen local capacity to stabilize and treat individuals with mental illness (\$142.5 million one-time increase in state funding).
- Grants will be provided to local entities based on criteria developed in concert with stakeholders that would add 25 Mobile Crisis Support Teams, at least 2,000 Crisis Residential Treatment Programs, and additional Crisis Stabilization Units over the next two years.
- Grants will be provided to local entities to add at least 600 triage personnel over the next two years.

#### Unknown County Impact

- Impact would be dependent on results of the grant applications.

#### **Medi-Cal** (*Governor's Enacted Budget Summary, Pages 26-27*)

- The Enacted Budget includes funding to provide several optional benefits:
  - Provides funding for preventive adult dental benefits beginning May 1, 2014 (\$16.9 million state funding increase with an annual increase of \$85.6 million).
  - Provides funding for the Medi-Cal Enteral Nutrition Feeding benefit beginning May 1, 2014 (\$14.3 million State funding increase annually).
  - Repeals the seven visit cap per Medi-Cal enrollee per years as this proposal did not receive federal approval.

#### No County Impact

#### **Coordinated Care Initiative (CCI)** (*Governor's Enacted Budget Summary, Pages 27-28; SB 94*)

- The Enacted Budget changes the implementation date to no sooner than January 1, 2014 as well as the scheduled phasing for beneficiaries enrolling in CCI over 12 months (\$119.6 million state funding reduction).

#### Unknown County Impact

- Unable to determine impact without additional information from the State.

#### **CalWORKs** (*Governor's Enacted Budget Summary, Page 29; AB 85*)

- The Enacted Budget increases CalWORKs grant levels by 5 percent beginning March 1, 2014. The increase will be funded with 1991 Realignment revenue growth funds through the mechanism described above. The budget provides a methodology, based on enacted revenue and caseload estimates, to determine future CalWORKs grant increases. This grant increase is expected to cost approximately \$51 million in FY 2013-14 with annual costs of about \$150 million statewide.
- The Enacted Budget includes funding for improvements to employment services to enhance and expand the array of employment services and job development activities for program participants, and intensify case management

efforts for individuals not currently participating in activities that will eventually lead to self-sufficiency (\$142.8 million State funding increase).

- Past Budget actions for CalWORKs reform established a prospective 24-month time limit on cash assistance and employment services for adults. The FY 2013-14 Enacted Budget proposes to implement additional proven appraisal protocols, promote family stabilization, and provide enhanced subsidized employment opportunities. The Enacted Budget establishes a standardized assessment tool and process for new welfare-to-work participants. Barriers to employment will be identified early on and addressed so clients can successfully pursue employment. Counties with mature subsidized employment programs can expand those efforts. Counties new to such programs will receive technical assistance (\$47.7 million state funding increase).

County Impact

- The County of San Diego does not currently have a subsidized employment program. There may be fiscal impacts with the implementation of the early engagement requirements particularly the subsidized employment component.

**In Home Supportive Services (IHSS)** (*Governor's Enacted Budget Summary, Pages 29-30; SB 67, Page 1*)

- In prior year budget cycles, the Governor proposed a 20 percent across-the-board reduction in IHSS hours that has been held up in court since it was passed. In March 2013, the Administration reached an agreement with the plaintiffs on the class action lawsuits. For the settlement terms to be implemented, legislation is necessary to repeal the IHSS provider wage and services reductions enacted in prior years, including the 20 percent across-the-board reduction.
- The settlement requires an 8 percent across-the-board reduction effective July 1, 2013, and 7 percent savings annually thereafter (\$176.4 million State funding reduction).

Local Impact

- Recipients hours will be reduced an average of 7 hours per month. This will have no impact to the County's Maintenance of Effort (MOE).

**Federal Sequestration Backfill / Implementing Federal Sequestration** (*Governor's Enacted Budget Summary, Page 43*)

- The Administration acknowledges that the exact funding implications for most individual programs are still unclear. Federal agencies have not issued all the necessary guidelines and affected state departments are in the process of putting measures in place to minimize impacts.

Unknown County Impact

- Unable to determine impact without additional information from the State.

**CalFresh** (*AB 74, Pages 4-6 and 52*)

- Budget trailer bill AB 74 revises the timeframes for mailing out and receipt of the forms required for the annual redetermination for both CalWORKs and CalFresh programs and requires counties to use information reported on the semiannual report form or the annual certificate of eligibility to prospectively determine eligibility and the grant amount for each semiannual reporting period.

County Impact

- Potential impact if staff has a shortened period to mail out the certificate of eligibility.
- Budget trailer bill AB 74 requires the State Department of Social Services to ensure that the receipt of the nominal federal Low-Income Home Energy Assistance Program (LIHEAP) service benefit does not adversely affect a CalFresh household's eligibility or reduce the household's CalFresh benefits. The bill states that if use of the full standard utility rate (SUA), rather than the homeless shelter deduction, results in a lower amount of CalFresh benefits for a homeless household, the homeless household would be entitled to use the homeless shelter deduction.

County Impact

- No impact since this provision has already been implemented.

**Foster Care** (*AB 74, Page 3*)

- This bill makes changes to the 60-day placement limitation in a community care facility licensed as a group home for children or a temporary shelter care facility. The bill imposes certain requirements relating to placements for a dependent child 6-12 years of age and states the Legislature's intent that no child or youth in foster care reside in group care for longer than one year.

County Impact

- This change will have minimal to no county impact. Current strategies are consistent with the revised limits on group home care or emergency shelter for children 6-12 years old, including maintaining children in the lowest level of care in family like settings that meet the needs of the individual children.

**County Veterans Service Officers (CVSO)** (*Governor's Enacted Budget Summary, Page 43*)

- The Enacted Budget provides \$3 million one-time to County Veterans Service Officers to provide veterans with free U.S. Department of Veterans Affairs (USDVA) claims assistance, information, and referral to local, state and federal programs.

Unknown County Impact

- Potential estimated one-time increase of between \$100,000 - \$500,000 to provide these services.

## **LAND USE AND ENVIRONMENT**

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**Beach Water Quality Monitoring** (*Enacted Budget Bill, Page 271; Assembly Budget Subcommittee 3 (5/22/2013), State Water Resources Control Board*)

- Following an agreement between the State Legislature and the Administration, the Enacted Budget funds beach water quality monitoring at \$1.8 million, which is the full funding allowed under SB 482 (Chapter 592, Statutes of 2011). The Administration initially recommended funding the program at only \$1 million, but the Legislature augmented this during the Budget Committee process by \$800,000, bringing the total to \$1.8 million. Senate Budget Committee staff has indicated that the State Water Resources Control Board has a policy of cost recovery and that this augmentation may lead to an additional fee increase, potentially under the County's stormwater permit.

County Impact

- FY 2012-13 funding for this program was set below full funding, at \$1 million, but due to the allocation formula the County still received its full share of funding for the fiscal year. With no anticipated allocation formula change in FY 2013-14, the County anticipates no additional change in funding with the FY 2013-14 allocation of \$1.8 million. It is expected that the allocation formula will be changed in FY 2014-15, so in future years if beach water quality funding is reduced, the County's allocation may be reduced as well, leaving the County without the needed funds to maintain the current level of protection and notification for County beaches.

**Cap and Trade Program** (*Enacted Budget Bill, Page 263; Governor's Enacted Budget Summary, Pages 37-38*)

- The Enacted Budget includes a loan of up to \$500 million from the Greenhouse Gas Reduction Fund to the State General Fund. The Greenhouse Gas Reduction Fund receives the proceeds from California Air Resources Board (CARB) Cap and Trade program auctions. This funding was intended to be used for air quality related programs, but since CARB is still developing a spending plan the Governor argued that these funds could be utilized elsewhere.

County Impact

- No direct impact to County operations. Depending on what CARB determines in its spending plan for Cap and Trade program revenues, some of the funding could be distributed to local Air Pollution Control Districts for use in air quality programs.

**Citrus Pest and Disease Prevention Program** (*Enacted Budget Bill, Page 606; Continued from the Governor's May Revision Budget Summary, Page 55*)

- The Enacted Budget adds \$3.5 million to the Citrus Pest and Disease Prevention Program for FY 2013-14 and FY 2014-15 for the prevention of the spread of the Asian Citrus Psyllid and Huanglongbing disease.

County Impact

- Possible positive impact, but it is not yet known whether the County will receive any of these funds.

**Goat Canyon Sediment Basins** (*Enacted Budget Bill, Page 219*)

- The Enacted Budget includes funding of \$1 million per year for three years for the State Department of Parks and Recreation (SDPR) for Goat Canyon sediment basin maintenance. The Enacted Budget includes language

directing SDPR to, in consultation with other state and federal agencies participating in the Tijuana River Valley Recovery Team, examine options and report back to the Legislature by September 1, 2016 on potential alternative funding sources that might be available to cover ongoing annual costs of maintaining the Goat Canyon sediment basins.

County Impact

- The County participates in the Tijuana River Valley Recovery Team and would be supportive of federal funding of mitigation plans to address the trash and debris flowing downstream into the Tijuana River Valley from the other side of the border.

**Local Coastal Plans** (*Enacted Budget Bill, Pages 211-212*)

- The Enacted Budget provides \$3 million to the California Coastal Commission for support of Local Coastal Plans (LCP), and designates LCPs that have not yet been certified as the priority for the funding. Subsequent years funding will be evaluated.
- The Enacted Budget also includes \$1 million to be awarded by the California Coastal Commission as grants to local governments that choose to pursue the prioritization of LCP updates to include and focus on sea level rise adaptation policies.

County Impact

- The County has a small LCP near Rancho Santa Fe. Depending on how the Coastal Commission allocates this funding to support LCP certification, it could potentially benefit the County in the form of a grant to fund necessary efforts to certify the County's LCP.

**Stormwater Permit Implementation** (*Enacted Budget Bill, Page 133; Continued from the Governor's May Revision Budget Summary, Page 48*)

- The Enacted Budget redirects \$2.1 million in the Caltrans budget allocation from contract services to fund 25 new positions in FY 2013-14 to implement Caltrans' new National Pollutant Discharge Elimination System stormwater permit. Like the recently adopted San Diego regional stormwater permit, the Caltrans permit includes new and costly requirements. The Governor notes that the new staffing positions will assess total maximum daily load requirements, address areas of special biological significance, and perform additional maintenance and reporting requirements.

## **PUBLIC SAFETY**

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**Public Safety Realignment and 2011 Realignment Programs/AB109** (*Enacted Budget Detail, Section 5196; SB 76; Continued from the Governor's May Revision Detail, Section 5196*)

- The Enacted Budget assumes continued funding for the overall 2011 Realignment program from two state sources: a sales tax of 1.0625 percent and Vehicle License Fees. The Enacted Budget projects a lower level of total sales tax revenue than was forecasted in the Proposed Budget. The Legislative Analyst's Office projects a lower level of sales tax growth than is included in the Enacted Budget. Lower levels of revenue will impact funds available for 2011 Realignment. The San Diego County percentage share currently in statute is 7.02 percent of revenues received in the Community Corrections Subaccount for FY 2013-14. In FY 2014-15, statewide funding for AB 109 activities is projected to decline and the current county allocations in statute expire. A long term county by county allocation formula will be developed by the Department of Finance in consultation with the California State Association of Counties and a group of county Chief Administrative Officers.
- SB 76 makes technical adjustments regarding the distribution of receipts and growth funds in law enforcement accounts.

County Impact

- The amount of funding available for 2011 Public Safety Realignment/AB 109 is dependent on actual state revenues.
- The projected amount for growth allocations for all 2011 Realignment accounts are lower than the State's January projections. The actual amounts available for each account will not be known until the fall.

**Community Corrections Performance Incentive Funds (SB 678)** (*Governor's Enacted Budget Summary, Page 41; SB 75*)

- The Governor's January Proposal was a reduction of \$103 million or 75 percent statewide. The Governor's May Revision and the Enacted Budget changed the SB 678 funding formula to account for county probation departments' success in reducing the number of adult felony probationers incarcerated in county jail. The funding change was revised to a reduction of \$32 million or 23 percent, from \$138.9 million to \$106.9 million statewide for a program initiated in 2009 to provide treatment and intervention services to high risk probationers. These funds are allocated to county probation departments that demonstrate success in reducing the number of adult felony probations going to prison or jail for committing new crimes or violating the terms of probation.

County Impact

- Additional funds are estimated to be available to the County based on this formula contained in SB 75.

**California Department of Corrections and Rehabilitation (CDCR) – Prison Population Estimates – Federal Court Order for Population Reduction** (*Continued from the Governor's May Revision Budget Summary, Page 41*)

- Federal Court Order to Reduce Prison Population by approximately 10,000 inmates by December 31, 2013. On May 13, 2013, the State filed an Appeal to the Supreme Court of the United States in this matter. On June 20, 2013, the court issued an order to the State to implement the population reduction plan. On June 28, 2013, the State requested a stay of this order and that request was denied by the three judge panel on July 3, 2013.

County Impact

- Approximately seven to eight percent of offenders released to the community are expected to return to San Diego County. Some number of offenders may be directed to Post Release Community Supervision, directly resulting in additional offenders supervised by the Probation Department, increasing that department's workload. Recidivism rates for this population have historically been high and there is no information on services or support planned for the released offenders. Other county justice services provided by the District Attorney, the Public Defender and the Sheriff may be impacted.
- The budget is increased by \$11.5 million in FY 2012-13 and by \$6.7 million in FY 2013-14 for projected prison population changes that include:
  - Average daily populations in the prisons are anticipated to be higher. The revised projections are 132,621 in FY 2012-13 and 128,885 in FY 2013-14 (an increase of 398 and 280 inmates respectively).
  - Average daily parolee populations are anticipated to be higher in the current year. The revised projections are 62,498 in FY 2012-13 (an increase of 60 parolees above the January 10, 2013 projection) and 46,358 in FY 2013-14 (a decrease of 1,262 from the earlier projection).

No Direct County Impact

**Fire Camps** (*SB 74; Continued from the Governor's May Revision Budget Summary, Page 41*)

- An increase of \$15.4 million to reflect 3,800 state prison inmates participating in fire camps. The 2012 Budget Act projected that the number of inmates would decrease to 2,500. The State now estimates there are sufficient eligible state prison inmates to maintain all current fire camps and crews.

No Direct County Impact

- While this revision does not have a direct impact on County operations or funds, the proposal to maintain all current fire camps will support suppression efforts in areas that are exposed to wildland fire risks. CAL FIRE currently operates four conservation camps in the county.

**Public Safety Realignment Implementation** (*SB 76; AB 82*)

- Legislation related to the Enacted Budget included technical corrective and clarification provisions.
  - Specifies that mandatory supervision begins immediately upon release from county jail to avoid any gaps in supervision.
  - Clarifies jurisdiction questions for the Parolee Revocation Process which became the responsibilities of counties and local courts on July 1, 2013.
  - Requires CDCR to provide written notification at least 90 days prior to the opening, closure, or change of location of a reception center or parole office.
  - Provides a 60 day period during which an offender can be transferred between the jurisdictions of probation and parole.

- Clarification that those classified as high risk sex offenders and those persons that had to undergo treatment by the Department of State Hospitals would be under the supervision of state parole.
- Provides that CDCR electronically transmit a standard set of healthcare information, consistent with HIPAA, for offenders transitioning into Post-Release Community Supervision (PRCS).
- Permits sheriffs to award two-for-one custody credits for jail inmates who participate in in-custody work or job training programs.
- Changes to the compassionate release program authorized in statute. The County has not adopted this program. If the county were to authorize the program, the County would need to notify the State Department of Health Care Services of the release and when the individual released has applied for Medi-Cal or is returned to custody. The County would also be required to pay the nonfederal share of certain nonreimbursable medical costs paid by the state, and state administrative costs, as specified.  
Minimal County Impact

**Reentry and Community Transition Pilot Project** (*Enacted Budget Bill, Page 401*)

- Authorizes a pilot program and commits up to \$5 million of existing corrections funding to support a three year pilot program in four specified counties (Los Angeles, Marin, San Diego and San Francisco). This is a permissive program under which California Department of Corrections and Rehabilitation (CDCR) is authorized to enter into contracts, pursuant to board of supervisor approval, with a county to serve up to an average of 56 state inmates with specified treatment, rehabilitation and re-entry services.

County Impact

- Unknown. This is an optional pilot program. Requirements are under review.

**State Courts** (*Governor's Enacted Budget Summary, Page 41; SB 75*)

- The Enacted Budget includes an augmentation of \$60 million General Fund to support trial courts to maintain or increase public access.
- SB 75 includes statutory changes to promote efficiencies and reduce workload for the trial courts.

**Courts – Parolee Reentry Courts** (*Enacted Budget Bill, Page 402*)

- Authorizes the Department of Corrections and Rehabilitation to use up to \$3 million to support Parolee Reentry Courts.

Unknown County Impact

**CAL FIRE Emergency Fund** (*Continued from the Governor's May Revision Budget Summary, Page 45*)

- Increases the Emergency Fund by \$51 million to provide resources for statewide emergency fire suppression efforts.

Unknown County Impact

**CAL FIRE Expenditures of Projected SRA Fee Revenue** (*Continued from the Governor's January Proposed Budget Summary, Page 86*)

- The Budget includes an increase of \$11.7 million in revenues generated as a result of the State Responsibility Area (SRA) Fees to implement SB 1241 (Chapter 311, Statutes of 2012) and engage in other fire prevention activities. SB 1241 requires cities and counties to review and update their general plan's safety element to address fire risks on land classified as SRAs and very high fire hazard severity zones. The bill also required counties to make specified findings before approving a tentative map for an area located in a SRA or a very high fire severity zone. The budget establishes 65 state level positions for fire prevention activities and a Vegetation Management Program.

Unknown County Impact

**State Vegetation Treatment Program and Environmental Impact Report (VTP EIR)** (*Enacted Budget Bill, Pages 190-191*)

- The Enacted Budget states that funds appropriated to the Department of Forestry and Fire Prevention for vegetation management shall not be used for vegetation management projects in Southern California chaparral that utilize the statewide VTP EIR. The budget bill also includes direction to the State Board of Forestry and Fire Protection to continue to seek public input on the Draft State VTP EIR from stakeholders and to conduct a peer review.

County Impact

- Since this restriction on vegetation management activities is only applicable to the coming fiscal year, and the VTP EIR is not expected to be completed until spring 2014, this provision should not function as an obstacle to vegetation management activities in this coming year. We will continue to monitor any future legislation that addresses this issue.

**Department of Child Support** *(Continued from the Governor's January Budget Detail, Section 5175)*

- The Enacted Budget restores the county share of child support collections in FY 2013-14 following two years of those funds being redirected from the counties to the State.

County Impact

- This action preserves the resources that the Department of Child Support Services uses to leverage federal funding and protects an estimated \$2-4 million in total resources for the program.

**Suspension/Redetermination of State Mandates** *(Continued from the Fiscal Year 2012-13 Enacted Budget)*

- Redetermination of the Sexually Violent Predator Mandate – Chapters 762 and 763, Statutes of 1995, created the Sexually Violent Predators reimbursable state mandate. The Department of Finance has submitted a request to the Commission on State Mandates requesting that the commission set aside its prior test claim decision due to the adoption of Proposition 83 in 2006 ("Jessica's Law"). The County and other organizations and jurisdictions have submitted comments in opposition to this action.

County Impact

- Unknown at this time pending the decision of Commission on State Mandates scheduled for December 2013. Current County reimbursement for these mandated costs are in excess of \$700,000 annually.